



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

March 18, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 March 18, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

**AMENDMENT NO. 1 TO RENEW LEASE NO. 71568 FOR FIVE YEARS
DEPARTMENT OF PUBLIC SOCIAL SERVICES
1050 EAST PALMDALE BOULEVARD, PALMDALE
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease amendment to renew 18,795 square feet of office space and 125 parking spaces located at 1050 East Palmdale Boulevard, Palmdale, for the Department of Public Social Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve the lease amendment to renew for five years the 18,795 square feet of office space and 125 parking spaces located at 1050 East Palmdale Boulevard, Palmdale, with Coast United Advertising (Lessor), for the Department of Public Social Services, at an annual first year rent not to exceed \$396,942. The rental cost is approximately 91 percent subvented by State and federal funds and 9 percent net County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Department of Public Social Services (DPSS) has leased 18,795 rentable square feet of office space at this location since 1999. In 1998, DPSS was mandated by the State to provide job training services to welfare clients as part of the Welfare-to-Work program. The lease amendment to renew will allow MAXIMUS, Inc. (MAXIMUS), who is contracted by DPSS to provide continuous employment-related services for the Greater Avenues for Independence (GAIN) or Welfare-to-Work program to residents of the Palmdale/Lancaster Antelope Valley area. The program currently consists of 67 contracted MAXIMUS staff, seven DPSS employees, and one contracted security guard. Approval of the proposed lease amendment to renew will extend the term of the lease to five years.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of process, structure, and operations to support timely delivery of customer-oriented and efficient public service. The proposed lease amendment supports this goal by continuing the operation of a facility that supports efficient public services. The lease amendment is in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The original lease contained a provision for Consumer Price Index (CPI) increases of no greater than 4 percent of the monthly base year rent nor a rent lower than the previous year's base rent. However, during the lease amendment renewal negotiations, the Lessor and Lessee agreed to keep the current monthly rent of \$33,078.51 during the five-year renewal term. Further, should the County exercise a five-year option, the maximum annual first year rent of that renewal term will not exceed 3 percent of the prior year's monthly rent.

Sufficient funding for the proposed lease amendment is included in the Fiscal Year 2013-14 Rent Expense budget and will be charged back to DPSS. Sufficient funding is available in DPSS' operating budget to cover the proposed lease amendment costs. The annual lease cost is approximately 91 percent subvention funded and 9 percent net County cost. Attachment B is an overview of the lease costs for this lease amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The lease amendment to exercise the five-year renewal contains the following terms and conditions.

- The lease is effective upon approval by the Board, and the term commences on March 20, 2014, and expires five years thereafter.
- There is a cancellation provision allowing the County of Los Angeles (County) to cancel any time after the 36th month, upon 90 days prior written notice.
- The rent includes parking for 125 vehicles.

- The lease continues on a modified full-service basis. The County is responsible for all electrical consumption and janitorial services and supplies.
- The rent under the lease amendment will be the same throughout the five-year term.
- There are no tenant improvements included with the renewal of the lease.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the County for alternative sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Additionally, staff surveyed the County areas that best could service the need of the department to determine the market rate of comparable sites. Based upon said survey, staff has established that the base rental range including parking for similar property is between \$20.50 and \$22.24 per square foot per year, modified full-service. Thus, the base annual rent of \$21.12 per square foot for the base lease cost is within the market range for the area.

Attachment C shows County-owned and leased facilities within the search area for these programs and none are available to house these programs. The cost of renovating and building-out office space at a new location is not feasible at this time. Should a more cost-effective facility or housing approach become available in the near future, the early termination right negotiated in the lease affords the County flexibility to pursue future opportunities that may become available.

The Department of Public Works previously inspected this facility, and its recommendation concluded the facility met the County's requirements for use by the County.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from CEQA pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines(Existing Facilities).

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will provide the necessary office space for this County requirement. DPSS concurs with the proposed recommendations.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two originals of the lease amendment, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM
CEM:TS:gw

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Social Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES
1050 EAST PALMDALE BOULEVARD, PALMDALE
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ^{2 1} 186 sq .ft. per person.	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 91% State and federal Funding and 9 percent NCC.		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? Program is state and federally funded offsetting monthly rental costs. Capital project was not considered, because of favorable lease term.		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ² No, the County is responsible for all electricity consumed by its use and janitorial services and supplies, because the lessor refuses to pay for these items.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

ATTACHMENT B

**FISCAL IMPACT/FINANCING
OVERVIEW OF LEASE RENEWAL**

1050 EAST PALMDALE BLVD., PALMDALE	EXISTING LEASE	LEASE RENEWAL	CHANGES
AREA (SQUARE FEET)	18,795	18,795	None
TERM	03/20/09 to 03/19/14	03/20/14 to 03/19/19	Five years
ANNUAL BASE RENT	\$396,864 (\$21.12/sq.ft.)	\$396,864 (\$21.12/sq.ft.)	None
PARKING INCLUDED IN RENT	125 on-site spaces	125 on-site spaces	None
CANCELLATION	Any time upon 90 days' notice after the 60th month	Any time after the 36 th month upon 90 days' notice	Any time after the 36 th month upon 90 days' notice
OPTION TO RENEW	Final five-year option exercised	One additional	One additional option added
RENTAL ADJUSTMENT	Annual CPI with a cap of 4 percent of base year monthly rent	Flat no increase	Flat no increases

ATTACHMENT C

**SPACE SEARCH – WITHIN SERVICE AREA OF DPSSD CLIENT PARTICIPANTS,
1050 EAST PALMDALE BOULEVARD, PALMDALE
DEPARTMENT OF PUBLIC SOCIALSERVICES**

LACO	FACILITY NAME	ADDRESS	SQ. FT. GROSS	SQ. FT. NET	OWNERSHIP	SQ. FT. AVAIL
0059	PW Road –Div #551 Maintenance	4859 W Ave L-12 Quartz Hill	1,2501	1,125	OWNED	NONE
D620	Public Library-Quartz Hill	42018 N 50 th St. W., Quartz Hill	3,530	3,291	LEASED	NONE
B636	DPSS Lancaster Office Center	43770 N 15 th Street W, Lancaster	4,020	3,901	LEASED	NONE
A079	Assessor's Regional Office	251 E Avenue K-6, Lancaster	15,338	13,712	LEASED	NONE
A035	Board of Supervisors 5 th District Field Office	1113 W 4 th Street W, Lancaster	1,241	1,164	LEASED	NONE
X511	Antelope Valley Courthouse	42011 4 th St, W, Lancaster	389,000	267,610	FINANCED	NONE
A008	Antelope Valley Service Center	335 A E Avenue K-6, Lancaster	51,000	242,803	LEASED	NONE
A433	Antelope Valley Service Center B	349 A-B E Avenue K-6, Lancaster	51,000	33,932	LEASED	NONE
A492	DPSS Lancaster IHSS Annex	43424 Copeland Cir., Lancaster	2,400	2,280	LEASED	NONE
A192	Probation –Antelope Valley Area	321 E Avenue K-4, Lancaster	6,400	6,000	LEASED	NONE
X495	PW Waterworks North Maintenance Area	260 E Avenue K-8 Between K-8 and K-10, Lancaster	13,200	11,150	OWNED	NONE
A125	Lake Los Angeles Library	16921 E Avenue O, Palmdale	3,245	2,921	LEASED	NONE
A125	Lake Los Angeles Clinic	16921 E Avenue O, Palmdale	2,457	2,211	LEASED	NONE
A509	Palmdale Courthouse	38256 Sierra Highway, Palmdale	18,528	16,256	OWNED	NONE

**AMENDMENT No. 1 TO LEASE No. 71568
1050 EAST PALMDALE BOULEVARD, PALMDALE
DEPARTMENT OF PUBLIC SOCIAL SERVICES**

This Amendment No. 1 to Lease No. 71568 is made and entered into this 18th day of March, 2014, by and between COAST UNITED ADVERTISING, hereinafter referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee."

WHEREAS, Lessee has entered into that certain Lease No. 71568, for approximately 18,795 rentable square feet of office space located in a building at 1050 East Palmdale Boulevard, Palmdale, hereinafter referred to as "Premises;" and

WHEREAS, the parties are now desirous to amend said Lease No. 71568 to extend the term of the lease beyond the Termination Date for an additional term of five (5) years, commencing upon approval by the Los Angeles County Board of Supervisors, hereinafter referred to as "Board;"

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants, and agreements herein contained, and intended to be legally bound, Lessor and Lessee hereby covenant and agree as follows:

1. Paragraph 2 TERM, of the Lease is hereby amended by adding the following:

The term of the Lease shall be extended five (5) years such that it shall commence on March 20, 2014 and expire on March 19, 2019 ("New Term").

2. Paragraph 2B OPTION TO RENEW, of the Lease is hereby amended by adding the following:

Provided Lessee is not in default, Lessee shall have the option to renew this Lease for one additional five (5) year term beyond the New Term expiration date of March 19, 2019, ("Option Term"). In the event that Lessee desires to exercise the option to renew, Lessee shall deliver Lessor written notice of such exercise not less than 120 days prior to the Lease Expiration Date. Lessor understands and acknowledges that only the Board has legal authority to exercise the option, and that exercise of the option shall be voted upon prior to the expiration of the lease term.

3. Paragraph 3 RENT, of the Lease is hereby deleted and in its place the following:

Upon commencement of the New Term ("Commencement Date"), the rent for the Premises shall be amended to Thirty Three Thousand Seventy Eight 51/100 (\$33,078.51) per month, (i.e.; \$1.737 per square foot for the 18,795 square feet which make up the Premises). All rent shall be paid by Auditor's General Warrant in advance within fifteen days after the first day of each month of the term, provided however, that Lessor has filed a payment voucher with the Auditor of the County of Los Angeles for the monthly Rent prior to the Commencement Date for the initial month(s) of the New Term up to and including June, and annually thereafter in June for the ensuing 12 months.

4. Paragraph 5 CANCELLATION of the Lease is hereby deleted and in its place the following is inserted:

Lessee shall have the right to cancel any time after the Thirty-Sixth (36th) month of the term of this Lease by giving Lessor ninety (90) days prior written notice.

5. Paragraph 27 RENTAL ADJUSTMENTS, of the Lease is hereby deleted and in its place the following is inserted:

The monthly rent of Thirty Three Thousand Seventy Eight 51/100 (\$33,078.51) per month shall remain flat during the five (5) year term from March 20, 2014 through March 19, 2019. The monthly rent will be adjusted annually, by three (3) percent of the prior year base rent, during the Option Term. A monthly installment in the same amount, subject to the adjustments described herein below shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the New Term and/or Option Term.

6. All other terms and conditions of the Lease and Agreement shall remain in full force and effect.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LESSOR:

COAST UNITED ADVERTISING

By: William M. Giamela

Name: William M. Giamela

Its PRESIDENT

LESSEE:

COUNTY OF LOS ANGELES
a body politic and corporate

By: Don Knabe
Don Knabe
Chairman, Board of Supervisors



ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By: [Signature]
Deputy

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy

APPROVED AS TO FORM:

OFFICE OF JOHN F. KRATTLI
COUNTY COUNSEL

By: [Signature]
DEPUTY

ADOPTED
BOARD OF SUPERVISORS

15 MAR 18 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

71568
Supplement No. 1